

What's at Stake for Alabama?

Alabama is an important producer of agricultural goods that are exported worldwide. In 1997, the state's exports reached an estimated \$535 million, up from \$269 million in 1991. These exports help boost farm prices and income, while supporting about 9,100 jobs both on the farm and off the farm in food processing, transportation and manufacturing. Exports are increasingly important to Alabama's agricultural and state-wide economy. Measured as exports divided by farm cash receipts, the state's reliance on agricultural exports rose from 9% to 17% since 1991.

Alabama's top five agricultural exports in 1997 were:

- # poultry and products -- \$281 million
- # cotton -- \$100 million
- # soybeans and products -- \$42 million
- # peanuts and products -- \$34 million
- # live animals and red meats -- \$23 million

World demand for these products is increasing, but so is competition among suppliers. If Alabama's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *fair access* to growing global markets.

Alabama Producers Benefit from Trade Agreements

Alabama is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of new market opportunities for Alabama include:

- # Alabama, the nation's 3rd largest poultry producer, should benefit under the Uruguay Round as South Korea grants unlimited access for frozen chicken at a 20% tariff by 2004. Poland opened market access equal to 8.5% of domestic consumption (roughly 30,000 tons in 1996). The Philippines opened a tariff-rate quota for 14,000 tons of chicken, which will reach 23,500 tons by 2004.
- # Under NAFTA, Mexico immediately converted its import licensing regime for chilled and frozen poultry to a transitional tariff-rate quota. This quota will be phased out by 2004. Duty-free within-quota access for poultry meat into Mexico has made it the third largest U.S. export market.
- # An important cotton producer, Alabama benefits under NAFTA with new rules of origin that have increased demand for U.S. textiles in Canada and Mexico. Mexico will phase out its 10% tariff for cotton by 2004. Under the Uruguay Round, Hong Kong, and Malaysia bound their cotton tariffs at zero.

